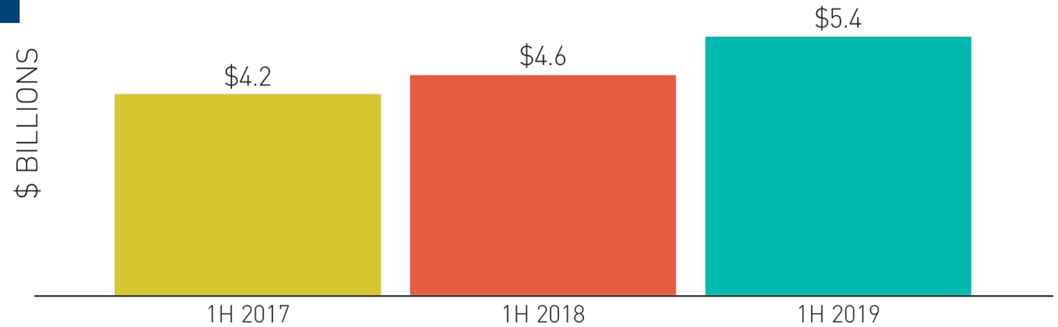
MID-YEAR 2019
RIAA MUSIC REVENUES REPORT

Joshua P. Friedlander | Senior Vice President, Research & Economics, RIAA

In the first half of 2019, the U.S. recorded music market continued the overall trends and double digit growth rates of 2018. Revenue increases were driven by the number of paid subscriptions exceeding 58[1] million for the first time. Total revenues grew 18% to $5.4 billion at retail in the first half of 2019. Streaming music accounted for 80% of industry revenues. At wholesale value, revenues rose 16% to $3.5 billion.

U.S. MUSIC INDUSTRY MID-YEAR RETAIL REVENUES

FIGURE 1



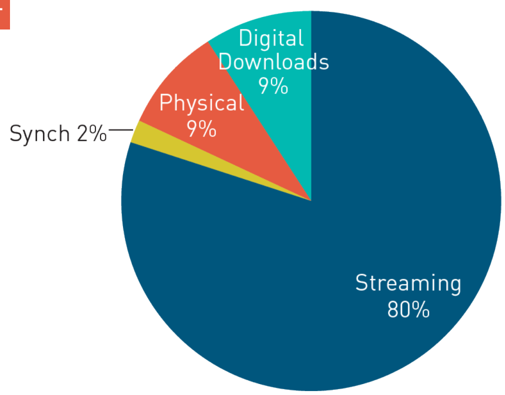
Streaming

Revenues from streaming music grew 26% to $4.3 billion for the first half of 2019. This broad category includes revenues from subscription services (such as paid versions of Spotify, TIDAL, Apple Music, Amazon, and others), digital and customized radio services including those revenues distributed by SoundExchange (like Pandora, SiriusXM, and other Internet radio), and ad-supported on-demand streaming services (such as YouTube, Vevo, and ad-supported Spotify).

FIGURE 2

U.S. MUSIC INDUSTRY REVENUES 1H 2019

Source: RIAA



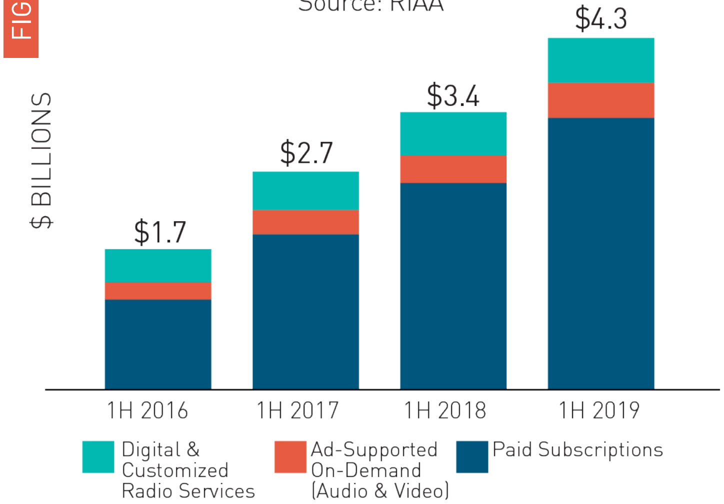
Paid subscriptions continued to be the biggest source of revenue for recorded music. Year-over-year growth of 31% brought total subscription revenues to $3.3 billion.

Paid subscriptions alone made up 62% of overall industry revenues, and they accounted for 77% of U.S. streaming music revenues for the first half of 2019.

FIGURE 3

U.S. MUSIC INDUSTRY STREAMING REVENUES

Source: RIAA

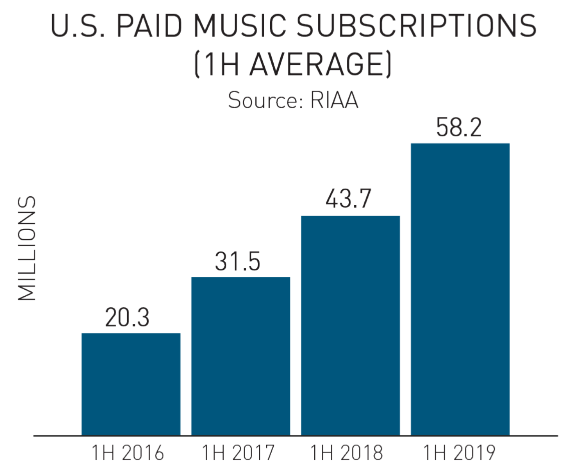


This category also includes $482 million in revenues from "Limited Tier" paid subscriptions (for services limited by factors such as mobile access, catalog availability, on-demand limitations, or device restrictions). Services like Amazon Prime, Pandora Plus, and other subscriptions are included in this category. This category grew slightly as a percentage of subscription revenues and was up 39% versus the prior year.

RIAA data analysis by **Joshua P. Friedlander**, Senior Vice President, and **Matthew Bass**, Manager

The continued rapid increase in the number of paid subscriptions was the biggest driver of growth. For the first half of 2019, the number of paid subscriptions to full on-demand streaming services grew 33% to 58.2[1] million. That represents an average of more than 1 million new subscriptions per month over the last 12 months. (Note this figure does not include limited tier subscriptions)

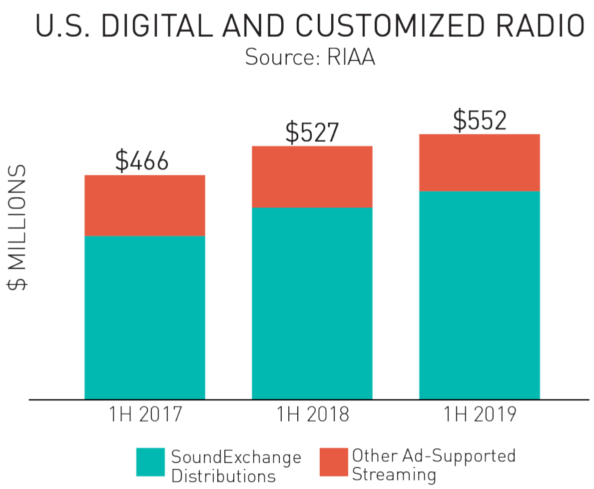
FIGURE 4



Advertising supported on-demand revenues for music grew 25% year-over-year to $427 million, but still only accounted for 10% of overall streaming revenues. This category includes services like YouTube, Vevo, the ad-supported versions of Spotify, and other similar services that according to reports from Nielsen and Border City streamed hundreds of billions of songs to fans in the U.S. in 1H 2019.

Revenues from digital and customized radio services were $552 million in 1H 2019, up 5% versus the first half of the prior year. This category includes SoundExchange distributions for revenues from services like SiriusXM and internet radio stations, as well as payments directly paid by services, included in this report as "other ad-supported streaming."

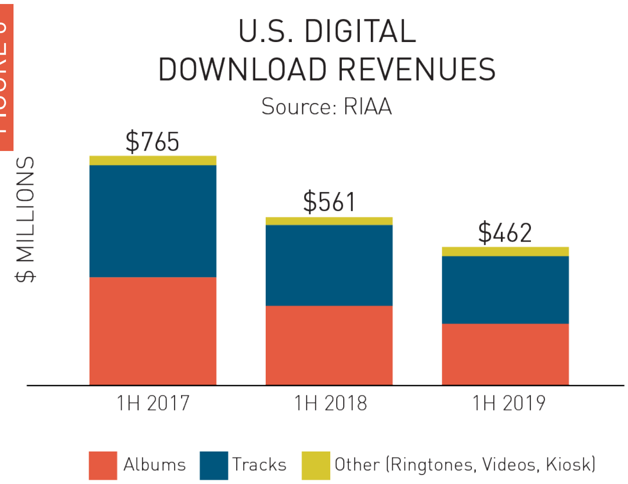
FIGURE 5



Digital Downloads

While streaming revenues continued to increase, revenue gains were partially offset by declines in sales of digital units. Revenues from digital downloads fell 18% in 1H 2019 to $462 million. Individual track sales revenues were down 16% year-over-year, and digital album revenues declined 23%. The category accounted for just 8.6% of total industry revenues in 1H 2019, a smaller percentage than physical formats.

FIGURE 6



Physical Products

Net revenues from physical products bucked the recent trend in unit sales and grew 5% to $485 million in 1H 2019; however, this growth was the result of a reduction in physical product returns, and on a gross basis the revenues from physical product would have been down for the period. Vinyl albums grew 13% to $224 million, but still only accounted for 4% of total revenues in 1H 2019. Revenues from shipments of physical products made up 9% of the industry total for the period.

PLEASE READ THE COMMENTARY OF MITCH GLAZIER, CHAIRMAN AND CEO, HERE: MEDIUM.COM/@RIAA

NOTE – Note: Historical data updated for 2016 - 2018, including updated revenue accounting standards starting in 2016. Formats with no retail value equivalent included at wholesale value. RIAA presents the most up-to-date information available in its industry revenue reports and online statistics database: https://www.riaa.com/u-s-sales-database

[1]Figure revised after original publication due to additional data. Original report estimated 61.1 million paid subscriptions.

FOR NEWS MEDIA INQUIRIES, PLEASE CONTACT:

Brendan Daly

Kim Atterbury

MID-YEAR 2019
RIAA MUSIC REVENUE STATISTICS

For a list of authorized services see www.whymusicmatters.com

United States Estimated Retail Dollar Value (In Millions, net after returns)

DIGITAL SUBSCRIPTION & STREAMING

		1H 2018	1H 2019	% CHANGE 1H '18 to 1H '19
(Units) (Dollar Value)	**Paid Subscription[1]**	43.7 $2,195.0	58.2 $2,848.6	33.0% 29.8%
	Limited Tier Paid Subscription[2]	$345.3	$481.6	39.4%
	On-Demand Streaming (Ad-Supported)[3]	$342.8	$427.2	24.6%
	SoundExchange Distributions[4]	$398.6	$432.9	8.6%
	Other Ad-Supported Streaming[5]	$128.5	$118.9	-7.4%
	Total Streaming Revenues	**$3,410.2**	**$4,309.2**	**26.4%**

DIGITAL PERMANENT DOWNLOAD

		1H 2018	1H 2019	% CHANGE 1H '18 to 1H '19
(Units) (Dollar Value)	**Download Single**	221.1 $269.9	184.1 $225.6	-16.8% -16.4%
	Download Album	26.3 $265.1	20.4 $205.6	-22.5% -22.5%
	Ringtones & Ringbacks	5.0 $12.6	4.5 $11.2	-10.5% -10.5%
	Other Digital[6]	1.1 $13.3	0.9 $19.2	-19.5% 44.4%
	Total Digital Download Revenues	**$561.0**	**$461.6**	**-17.7%**

TOTAL DIGITAL VALUE

	1H 2018	1H 2019	% CHANGE 1H '18 to 1H '19
TOTAL DIGITAL VALUE	$3,971.2	$4,770.8	20.1%
Synchronization Royalties[7]	$131.0	$129.1	-1.5%

PHYSICAL

		1H 2018	1H 2019	% CHANGE 1H '18 to 1H '19
(Units Shipped) (Dollar Value)	**CD**	18.6 $245.9	18.6 $247.9	0.0% 0.8%
	LP/EP	8.1 $198.6	8.6 $224.1	6.0% 12.9%
	Music Video	0.7 $12.6	0.5 $9.3	-31.4% -26.4%
	Other Physical[8]	0.3 $4.6	0.2 $3.8	-28.0% -16.1%
	Total Physical Units **Total Physical Value**	**27.7** **$461.6**	**27.9** **$485.1**	**0.8%** **5.1%**

TOTAL DIGITAL AND PHYSICAL

	1H 2018	1H 2019	% CHANGE 1H '18 to 1H '19
Total Units[9] **Total Value**	**281.3** **$4,563.8**	**237.8** **$5,385.0**	**-15.5%** **18.0%**
% of Shipments[10] Physical Digital	**1H 2018** 10% 90%	**1H 2019** 9% 91%	

Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value

Note: Historical data updated for 2018

[1] Streaming, tethered, and other paid subscription services not operating under statutory licenses
Subscription volume is annual average number of subscriptions, excludes limited tier

[2] Paid streaming services with interactivity limitations by availability, device restriction, catalog limitations, on demand access, or other factors

[3] Ad-supported audio and music video services not operating under statutory licenses

[4] Estimated payments to performers and copyright holders for digital and customized radio services under statutory licenses

[5] Revenues from statutory services that are not distributed by SoundExchange and not included in other streaming categories

[6] Includes Kiosks, music video downloads, and starting in 2016 other digital music licensing

[7] Includes fees and royalties from synchronization of sound recordings with other media

[8] Includes CD Singles, Cassettes, Vinyl Singles, DVD Audio, SACD

[9] Units total includes both albums and singles, and does not include subscriptions or royalties

[10] Synchronization Royalties excluded from calculation